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NAVAL POSTGRADUATE SCHOOL

Monterey, California



THESIS

**AN ANALYSIS OF THE PLANNING, PROGRAMMING
AND BUDGETING SYSTEM (PPBS) PROCESSES OF THE
MILITARY SERVICES WITHIN THE DEPARTMENT OF
DEFENSE**

by

Joseph S. Snook

December 1999

Thesis Advisor:

Ted Hleba

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DEPARTMENT OF DEFENSE**

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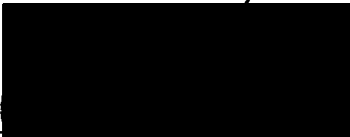
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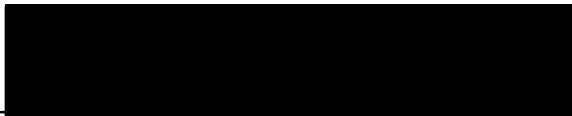
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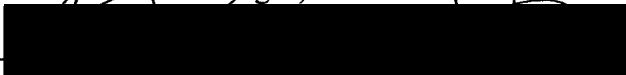
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This thesis analyzes the current Planning, Programming and Budgeting System (PPBS) processes used in the military services. It will provide an updated basis for further study of PPBS. The thesis provides an overview of the PPBS at the Department of Defense level and describes the practices in place for the services. In each chapter there is an examination of the PPBS organization or corporate structure for the respective service. Additionally, each chapter examines the planning phase processes to develop the programming guidance. Next is a description of the Program Objectives Memorandum (POM) development and Budget Estimate Submission (BES) formulation. Following descriptions of the practices for each of the services, there is a comparison. The comparison revealed two different methods being used by the services. The Army uses a decentralized approach for all inputs to the different processes. The Navy uses a decentralized approach for only the BES inputs and the Air Force uses a decentralized approach for only the POM inputs. The Marine Corps uses a centralized approach for all inputs. A centralized approach for review is used by all services, but at differing levels.

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ACRONYMS

ACSIM	Assistant Chief of Staff for Installation Management
ADCSINT	Assistant Deputy Chief of Staff for Intelligence
ADCSLOG	Assistant Deputy Chief of Staff for Logistics
ADCSPER	Assistant Deputy Chief of Staff for Personnel
AF	Air Force
AF/CV	Vice Chief of Staff for the Air Force
AF/DP	Air Force Deputy Chief of Staff for Development Plans
AF/IL	Air Force Director for Installations and Logistics
AF/SC	Air Force Director for Communications and Information
AF/XO	Air Force Director for Operational Requirements
AF/XP	Air Force Deputy Chief of Staff for Plans and Programs
AF/XPP	Air Force Deputy Director of Programs
AF/XPPE	Air Force Director for Program Integration
AF/XPX	Air Force Director of Plans
AFB	Air Force Board
AFCS	Air Force Corporate Structure
AFSP	Air Force Strategic Plan
AMP	Army Modernization Plan
APG	Army Planning Guidance
APGM	Army Planning Guidance Memorandum
APPG	Annual Planning and Programming Guidance
ARB	Army Resources Board
ASA(CW)	Assistant Secretary of the Army for Civil Works
ASA(FM&C)	Assistant Secretary of the Army for Financial Management and Comptroller
ASA(IE)	Assistant Secretary of the Army for Installations and Environment
ASA(M&RA)	Assistant Secretary of the Army for Manpower and Reserve Affairs
ASA	Assistant Secretary of the Army
ASN	Assistant Secretary of the Navy
ASPG	Army Strategic Planning Guidance
BAM	Baseline Assessment Memoranda
BES	Budget Estimate Submission
BSO	Budget Submitting Office
BY	Budget Year
CAR	Chief of the Army Reserves
CDP	Combat Development Process
CINC	Commanders-in-Chief
CJCS	Chairman of the Joint Chiefs of Staff
CMC	Commandant of the Marine Corps
CNET	Chief of Naval Education and Training

CNO	Chief of Naval Operations
COMNAVRESFOR	Commander Naval Reserve Force
CPA	Chairman's Program Assessment
CPAM	CNO Program Analysis Memoranda
CPG	CMC Planning Guidance
CSA	Chief of Staff for the Army
CSAF	Chief of Staff of the Air Force
CSPG	CNO Strategic Planning Guidance
CY	Current Year
DAB	Deputy Assistant Secretary of the Army for Budget
DARNG	Director of Army National Guard
DCNO	Deputy Chief of Naval Operations
DCS	Deputy Chief of Staff
DCSINT	Deputy Chief of Staff for Intelligence
DCSLOG	Deputy Chief of Staff for Logistics
DCSOPS	Deputy Chief of Staff for Operations
DCSOPS	Deputy Chief of Staff for Operations
DCSOPS	Deputy Chief of Staff for Operations and Plans
DCSPER	Deputy Chief of Staff for Personnel
DEPSECDEF	Deputy Secretary of Defense
DISC4	Director of Information Systems for Command, Control, Communications and Computers
DoD	Department of Defense
DoN	Department of the Navy
DPAE	Director of Program Analysis and Evaluation
DPG	Defense Planning Guidance
DPSB	DoN Program Strategy Board
DRB	Defense Resources Board
DRU	Direct Reporting Unit
ESC	Executive Steering Committee
FM&C	Financial Management and Comptroller
FMB	Office of Budget
FOA	Field Operating Agencies
FYDP	Future Years Defense Program
HQDA	Office of the Secretary of the Army
IBR	Investment Budget Review
IE	Installations and Environment
IPL	Integrated Priority List
IPT	Integrated Product Team
IR3B	Integrated Resources and Requirements Review Board
IWAR	Integrated Warfare Architecture
JCS	Joint Chiefs of Staff
JSPD	Joint Strategic Planning Document

LRPO	Long Range Planning Objectives
LRRDAP	Long Range Research, Development and Acquisition Plan
M&RA	Manpower and Reserve Affairs
MACOM	Major Command
MAGTF	Marine Air-Ground Task Forces
MCMP	Marine Corps Master Plan
MDEP	Management Decision Packages
MFP	Major Force Programs
MPP	Modernization Planning Process
N093	Director, Naval Medicine/Surgeon General
N095	Director, Naval Reserve
N096	Oceanographer of the Navy
N09B	Assistant Vice Chief of Operations
N1	DCNO for Manpower and Personnel
N2	Director, Naval Intelligence
N4	Director, Logistics
N6	Director, Space and Electronic Warfare
N7	Director, Naval Training
N83	Director, CINC Liason
N85	Director, Expeditionary Warfare
N86	Director, Surface Warfare
N87	Director, Submarine Warfare
N88	Director, Air Warfare
N89	Director, Special Programs
NMSD	National Military Strategy Document
O&M	Operations and Maintenance
OACSIM	Office of the Assistant Chief of Staff for Installation Management
OASACW	Office of the Assistant Secretary of the Army for Civil Works
OASAIE	Office of the Assistant Secretary of the Army for Installations and Environment
OASAM&RA	Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs
OASA	Office of the Assistant Secretary of the Army
OBR	Operational Budget Review
ODCSLOG	Office of the Deputy Chief of Staff for Logistics
ODCSOPS	Office of the Deputy Chief of Staff for Operations and Plans
ODCSPER	Office of the Deputy Chief of Staff for Personnel
OMB	Office of Management and Budget
OMFTS	Operational Maneuver from the Sea
OPA	Office of Program Appraisal
OSD	Office of the Secretary of Defense
PA&E	Program Analysis and Evaluation

PB	President's Budget
PBD	Program Budget Decisions
PDM	Program Decision Memoranda
PE	Program Element
PEG	Program Evaluation Group
PEM	Program Element Monitor
PEO	Program Executive Office
POM	Program Objectives Memorandum
PPBC	Planning, Programming and Budget Committee
PPBS	Planning, Programming and Budgeting System
PPBES	Planning, Programming, Budgeting and Execution System
PPI	POM Preparation Instructions
PRG	Program Review Group
PWG	POM Working Group
PY	Prior Year
RAP	Resource Allocation Process
RDA	Research, Development and Acquisition
SA	Secretary of the Army
SAF/AQ	AF Assistant Secretary for Acquisitions
SAF/FMB	AF Deputy Assistant Secretary for Budget
SAF/FMBI	AF Deputy Assistant Secretary for Budget Investment
SAF/FMBO	AF Deputy Assistant Secretary for Budget Operation
SECAF	Secretary of the Air Force
SECDEF	Secretary of Defense
SECNAV	Secretary of the Navy
SPP	Sponsor Program Proposal
SRG	Senior Reserve Group
TAA	Total Army Analysis
TAP	The Army Plan
TOA	Total Obligation Authority
T-POM	Tentative POM

I. INTRODUCTION

A. PURPOSE

This thesis will conduct a review and comparison of the current practices used by the Army, Navy, Marine Corps and Air Force in the Planning, Programming and Budgeting System (PPBS). It will attempt to identify key differences in procedures the four services use in formulating their Program Objectives Memoranda (POM) and Budget Estimate Submission (BES). The thesis will provide an updated basis for further study of the PPBS processes within the Department of Defense (DoD).

B. BACKGROUND

The Planning, Programming and Budgeting System was developed to provide the optimal mix of forces, equipment, and support within scarce fiscal resources. Since its beginning in DoD in 1961, the system has adapted to the many different leaders and leadership styles of the military services. It has evolved differently within each of the services, depending on national command strategy. The final outputs for each of the services are the Program Objectives Memoranda (POM) and the Budget Estimate Submissions (BES). These outputs are all in the same format but the means by which they were achieved are different for each of the services.

C. METHODOLOGY

A thorough review of applicable publications, instructions and directives was conducted for DoD and each of the four services. This literature review provided the

primary source of data for this thesis. Additionally, correspondence and phone interviews were conducted with financial managers in each of the services.

D. SCOPE

This thesis will provide a brief overview of the planning phase for the DoD and the four services. The emphasis of this thesis will be on the planning phase, POM development process in the programming phase, and the Budget Estimate Submission (BES) formulation in the budgeting phase for each service.

E. SUMMARY OF FINDINGS

There are two methods that the services use that are fundamentally different. One method differences itself at the input point to the planning phase, POM development and BES formulation. The other method is the difference in the review process in the planning phase and the internal BES review. Specifically, the Army uses decentralized inputs for planning, POM development and BES formulation. The Navy uses a centralized approach for planning and POM inputs and a decentralized approach for BES inputs. The Marine Corps uses a centralized approach for all inputs. The Air Force uses a centralized approach for planning and BES inputs and a decentralized approach for POM inputs. All the services use a centralized review method with the only difference being the use of the senior level review boards by the Army and the Navy. Several small differences were due to the different structures of the services and the requirement to achieve the same final output.

F. THESIS OUTLINE

The thesis consists of an overview of the DoD PPBS followed by a more detailed version for each of the four services. Following the chapters on the practices of the four services is a comparison between the services. Final conclusions and recommendations for further study are included in the last chapter.

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II. DEPARTMENT OF DEFENSE (DOD) PPBS

A. OVERVIEW

The Planning, Programming, and Budgeting System (PPBS) is the DoD's primary resource management system that was introduced by Defense Secretary Robert S. McNamara in 1962. It is a cyclic process with three interrelated phases: Planning, Programming and Budgeting. [Ref. 1] Planning provides a list of approved requirements, which need resources. Programming groups the requirements into logical decision sets, allocates six-year resources among those sets, and selects those sets that fit within the resource limits. Resources are the people, equipment, and facilities, and their necessary support funding. Budgeting focuses on the first two years of the six-year program and rearranges the programs under congressional appropriation groupings and submits the resulting two-year budget to Congress for approval of the first year. [Ref. 2]

PPBS provides a formal, systematic structure for making decisions on policy, national military strategy, and the development of forces and capabilities to accomplish anticipated missions. [Ref. 1] In addition to establishing the framework and process for decision making on future programs, the process permits prior decisions to be examined and analyzed from the standpoint of the current environment. [Ref. 3]

In theory the PPBS process is a two-year cycle because a biennial budget is produced. However, the development and execution occurs on an annual basis because Congress appropriates funds on an annual basis. In the even years, two fiscal year budgets (biennial submission) are produced. The odd years are called Program Review years. The

Program Review Years will review and adjust the second fiscal year budget developed in the previous year. This review and adjustment is accomplished using essentially the same processes as in the even years. PPBS is a never ending continually overlapping process.

Figure 2.1 displays the overlap in the process.

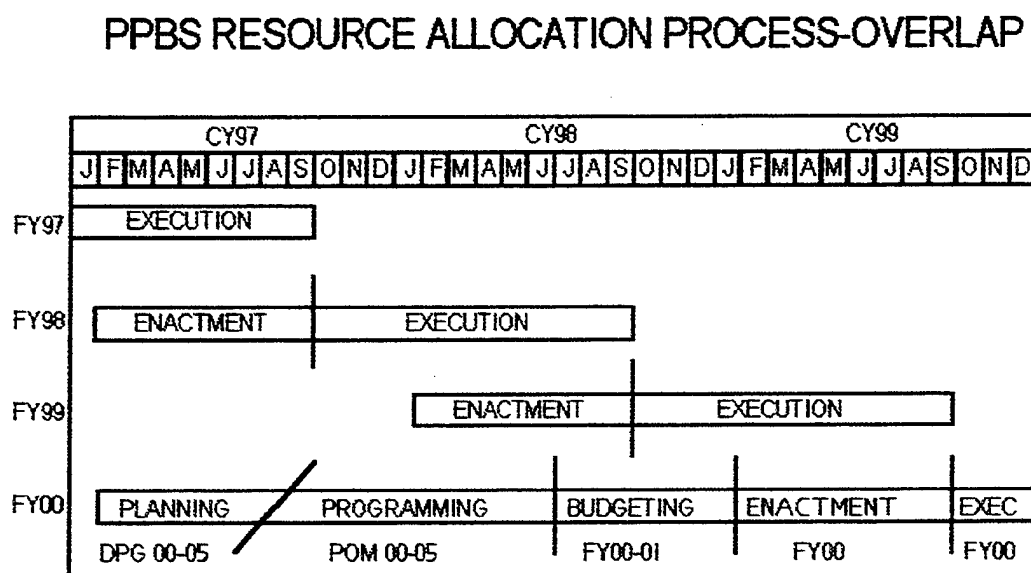


Figure 2.1. [Ref. 1]

B. OFFICE OF THE SECRETARY OF DEFENSE (OSD) ORGANIZATION

Throughout the three phases of PPBS, the Secretary of Defense will provide centralized policy direction while program execution, authority and responsibility remain with the services. The ultimate objective of PPBS is to provide the operational commanders-in-chief (CINCs) with the best mix of forces, equipment and support attainable within fiscal constraints. [Ref. 3]

1. The Defense Resources Board (DRB)

The Defense Resources Board (DRB) oversees the three phases of the PPBS process. It assists the Secretary of Defense (SECDEF) with formulating the Defense Planning Guidance (DPG) to the services and determines major issues in the program review phase that require the Secretary of Defense's attention. The DRB resolves most program review issues and advises the Secretary of Defense on major program decisions.

The membership consists of:

- Deputy Secretary of Defense (DEPSECDEF) (chairman)
- Chairman of the Joint Chiefs of Staff (CJCS) (Vice-Chair)
- Service Secretaries
- Vice Chairman JCS
- Under Secretary of Defense (Acquisition and Technology)
- Under Secretary of Defense (Policy)
- Under Secretary of Defense (Comptroller)
- Under Secretary of Defense (Personnel and Readiness)
- The Senior Civilian Official
- Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)

The Director for Program Analysis and Evaluation (PA&E) serves as the Executive Secretary to the board. [Ref. 4]

2. Program Review Group (PRG)

The PRG develops and screens major issues prior to its presentation to the DRB.

The PRG membership includes:

- Director (PA&E) (Chairman)
- Principal Deputy Under Secretary of Defense (Acquisition and Technology)
- Principal Deputy Under Secretary of Defense (Comptroller)
- Principal Deputy Under Secretary of Defense (C3I)
- Assistant Secretary of Defense (Strategy and Threat Reduction)
- Assistant Secretary of Defense (Force Management Policy)
- Assistant Secretary of Defense (Health Affairs)
- Assistant Secretary of Defense (Reserve Affairs)
- Army Assistant Vice Chief of Staff
- Navy Deputy Chief of Naval Operations (Resources, Warfare Requirements, and Assessments)
- Marine Corps Deputy Chief of Staff (Programs and Resources)
- Air Force Deputy Chief of Staff (Plans and Programs)
- Joint Staff Director for Force Structure, Resources, and Assessment (J-8)

[Ref. 4]

The Director (PA&E) is responsible for administering the program review. In addition, the Director (PA&E) organizes issue teams to develop initial briefings for the PRG on pre-designated major issues and on any major issues that may arise after the POM submissions. Issue team membership is drawn from cognizant OSD staffs, the Joint Staff,

and the Service staffs. Issue teams review the issue and develop alternatives for decision. Alternative 1 is always the POM position. Generally, the total number of alternatives does not exceed five for any single issue.

Issues and concerns other than major issues are submitted to the PRG via a pre-formatted issue paper. The issue paper process provides a method for resolution of issues of insufficient breadth or importance to require DRB consideration. Any DRB member or senior executive responsible for a portion of the defense program, or operational commander-in-chief (CINC), can raise topics to be addressed in an issue paper. For example, issue papers must satisfy the following criteria for program review FY 2001-2005:

- The issue needs to be resolved by the end of the current program review.
- A decision by the Deputy Secretary is required to resolve the issue.
- The issue will shift resources of at least \$10 million in any one POM year and \$40 million over the FY 2001-2005 period, or involve important policy matters.

[Ref. 4]

3. Future Years Defense Program (FYDP)

The FYDP is a data base that summarizes all forces, resources, and equipment associated with programs approved by the Secretary of Defense (SECDEF) for DoD. The FYDP contains prior year (PY), current year (CY), the biennial budget years (BY), and the next four years for resource data, and three additional years for force structure. It is

published three times during a PPBS cycle. It is published to reflect the service POM submission, Budget Estimate Submission (BES) and the Presidents Budget (PB) submission.

The FYDP's three basic resource display dimensions are the 11 Major Force Programs (MFP), DoD appropriations for use by Congress, and resources by components of DoD.

The Program Element (PE) is the primary data element in the FYDP and normally the smallest set of resources controlled at the OSD level. It represents a collection of functional or organizational entities and their related resources. [Ref. 5]

C. PLANNING PHASE

The planning phase of the PPBS process is designed to integrate assessments of potential military threats facing the country, overall national strategy and defense policy, ongoing defense plans and programs, and projected financial resources into an overall statement of policy. [Ref. 6] The President's National Security Strategy takes input from a majority of the federal agencies and departments to ascertain the threat to the United States and outlines defense strategy. The Joint Chiefs of Staff (JCS) issue their own policy overview called the Joint Strategic Planning Document (JSPD) which provides formal JCS recommendations to the SECDEF on the Defense Planning Guidance (DPG). Additionally, the JCS organization produces a document called the National Military Strategy Document (NMSD) that defines national military objectives, establishes the

strategy to accomplish these objectives, and addresses the military capabilities required to execute the strategy.

The DPG, which is prepared by the Office of the Undersecretary of Defense for Policy, provides official guidance to the military services on the principles that they are to use in preparing their own long term budget plans. [Ref. 6] The DPG outlines force and fiscal guidance to the military services for their development of a POM. The military services and CINCs have input to the DPG, however they do not have any approval authority on the final DPG. Normally, prior to issuance of the final DPG, the fiscal guidance is provided to the services. The fiscal guidance gives the Total Obligation Authority (TOA), or "top line" to the military services for their POM and BES. The DPG reflects military advice and information recommended by the CJCS, service long-range plans and service positions on policy and related matters contributed by Service Secretaries, and CINC appraisals of major issues and problems bearing on command missions. Additionally, it identifies core programs that the Services and DoD agencies must fund. The DPG is a 20-year document that identifies the modernization needs and investment plans of DoD. [Ref. 7] The final DPG ends the planning phase.

D. PROGRAMMING PHASE

Programming attempts to match available dollars against a prioritized list of requirements to develop a six-year resource proposal or POM. It is the bridge between broad fiscal guidance and the detailed pricing for each program. In the programming phase each DoD component produces a POM submission to OSD. The POM presents the

component's proposal to the SECDEF for a balanced allocation of all available service resources within specified constraints to satisfy the DPG. All major new programs or changes to programs must be identified. Likewise, program shortfalls in meeting DPG and CINC objectives must be identified.

1. Program Review Phase

The program review phase commences with the submission of the services POM. The Joint Staff (J-8) conducts a review of the POM submissions to assess compliance with the DPG and with the National Military Strategy. The Chairman's Program Assessment (CPA) is the result of this review. The OSD staff conducts a detailed review of POM submissions and makes program change recommendations through POM issue papers. The issue papers present alternatives and evaluate the implications of each alternative to include cost and personnel changes. The Services, Joint Staff, and OSD directorates may comment or reclama each issue with justification supporting the POM submission.

Final decisions are made on all major issues by the DRB and issue paper decisions are normally handled at the PRG level. After all issues have been resolved, the SECDEF/DEPSECDEF approves the Program Decision Memoranda (PDM) for the Military Departments and Defense Agencies that summarize the program decisions of the current cycle. The POM that has been amended by the PDM provides an approved program baseline for the services Budget Estimate Submission (BES) input and updates the FYDP. The issuing of the PDMs ends the programming phase. [Ref. 5]

E. BUDGET PHASE

The budget phase is the translation of approved programs developed during the planning and programming phases into financial terms. The BES comprises the first two years of the POM and is put into budget, or appropriation format, and submitted to OSD. OSD in conjunction with the Office of Management and Budget (OMB) conducts a joint review of the Services' budget submissions to raise issues when they believe the services have not complied with the DPG or PDM. They direct changes and provide the rationale for the changes in the form of the Program Budget Decisions (PBD), approved by the SECDEF/DEPSECDEF. Initially, a draft PBD is issued to allow the services to respond with reclaims or present major issues for DRB consideration. Based on the DRB decisions, OSD will either modify the PBD or the services will modify their BES's to support the PBD. Once the final PBD's have been issued, OSD submits all of the services BES's, corrected for the PBDs, as the final DoD budget submission to be included in the President's Budget (PB).

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III. DEPARTMENT OF THE ARMY PPBES

The Army's version of the Planning, Programming and Budgeting System includes execution as a fundamental element for a successful system. The Army's Planning, Programming, Budgeting and Execution System (PPBES) ties strategy, program and budget together. It helps build a comprehensive plan in which budgets flow from programs, programs flow from requirements, requirements flow from missions, and missions flow from national security objectives. The Assistant Secretary of the Army (Financial Management and Comptroller) oversees the PPBES. [Ref. 8]

A. ARMY PLANNING PHASE

The Deputy Chief for Operations and Plans manages the planning phase of PPBES. Army planning responds to and complements OSD and joint strategic planning. It helps senior Army leadership determine force requirements, objectives and priorities. [Ref. 8]

1. The Army Plan (TAP)

The Army Plan (TAP) documents policy of the senior Army leadership and gives resource guidance for program and budget development. TAP is developed in three distinct areas:

a) *The Army Strategic Planning Guidance (ASPG)*

The time frame for the ASPG consists of 25 years. It translates the "Army Vision 2010" into tangible goals and strategies to obtain the capabilities to meet future requirements. [Ref. 9] It ensures Army planning meets national, OSD and joint strategic guidance. It also serves as a planning guidance for the Army Modernization Plan (AMP). [Ref. 8]

b) *Army Modernization Plan (AMP)*

The AMP takes the future visions and goals for modernization and develops the needed plans to meet these goals in the near and midterm as well as the long-term. The AMP takes the already programmed plans in the PPBES process and compares them to the required long-range plans that are not programmed. This comparison is used by the Office of the Secretary of the Army and the Army Staff (HQDA) for current program prioritization. Additionally, the AMP is used as the starting point for the Long Range Research, Development, and Acquisition Plan (LRRDAP). [Ref. 9]

(1) Long Range Research, Development, and Acquisition Plan (LRRDAP). The LRRDAP focuses the research, development and acquisition programs on solving the future battlefield and warfighting needs of the Army. It guides the efforts in producing the technology and equipment for the Army's modernization program. In the short term, it provides the Research, Development and Acquisition programs for the POM development phase. [Ref. 8]

c) The Army Planning Guidance (APG)

The Army Planning Guidance covers the next six-year period or POM period, plus an additional ten years. The APG provides guidance for Army functional plans and the allocation of resources to carry out these plans. [Ref. 9]

d) The Army Planning Guidance Memorandum (APGM)

The Army Planning Guidance Memorandum (APGM) and the DPG provide guidance for the development of the upcoming POM. It relates all operational and functional tasks along with associated resources to required U.S. Code Title 10 functions of manning, training, organizing, equipping, sustaining, and installations.

[Ref. 9]

2. Total Army Analysis (TAA)

TAA is a computer aided force development process that supports the national military strategy. It takes input from the draft TAP and participation from HQDA, Deputy Chief of Staff for Operations and Plans (DCSOPS), Major Army Commands (MACOM) and Program Executive Office (PEO). The TAA helps assess force capabilities, and determine and justify Army requirements for manpower and equipment. For each program year it develops a base force that meets the expected mission requirements within the projected personnel and equipment levels. The base force that the TAA develops is the basis for the TAP preliminary program force and the force structure. [Ref. 8]

B. ARMY PROGRAMMING PHASE

The Army programming phase of PPBES is managed by the Army's Director of Program Analysis and Evaluation (DPAE). [Ref. 9] Figure 3.1 gives an overview of POM development.

1. POM Development

The Army POM development process is a top-down guidance and a bottom up input, review and approval process. The building blocks for this process are the Management Decision Packages (MDEP). [Ref. 2]

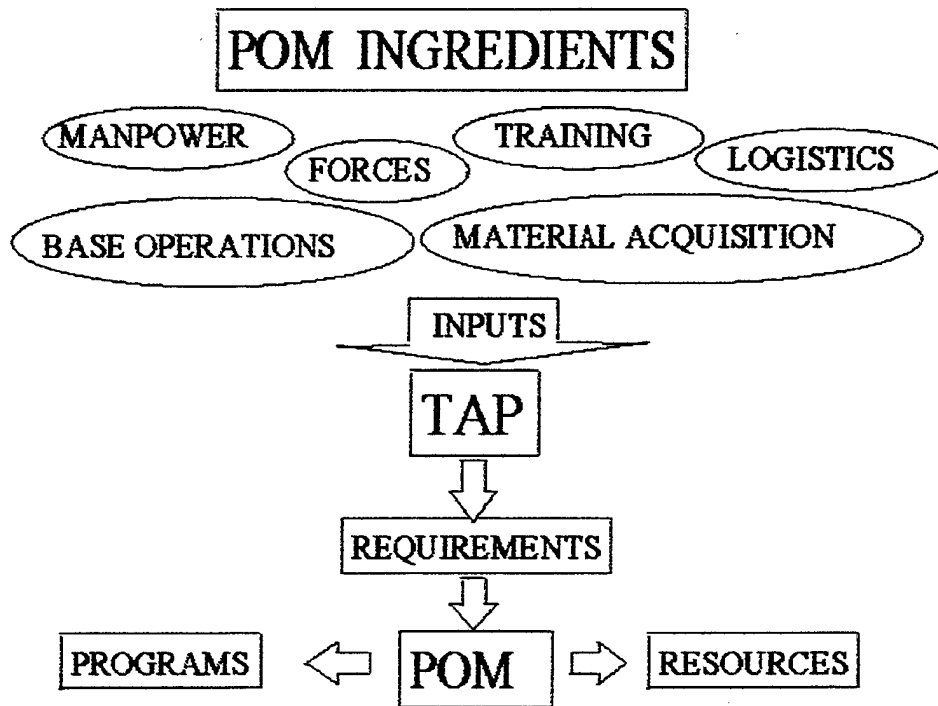


Figure 3.1. POM Development [Ref. 2]

a) *Management Decision Packages (MDEP)*

The MDEP applies information from the APG to adjust and refine the program of the previous PPBES cycle. The MDEP defines program requirements by mission, function, or other objective and describes the program capabilities over a nine-year period. MDEPs include both budget data and program data. All Army resources are accounted for by their respective MDEP. Major Army Commands build and prioritize MDEPs. New MDEPs compete for resources with existing MDEPs already included in the POM. Each MDEP is assigned to a specific Program Evaluation Group. [Ref. 9]

b) *Program Evaluation Group (PEG)*

There are six PEGs that are aligned with Army Title 10 functions. These functions include manning, training, organizing, equipping, sustaining, and installations. All MDEPs fall into one of these functions or PEGs. The respective PEGs review programs that are developed by Major Army Commands (MACOMs) and acquisition program managers. The PEGs review programs for TAP guidance, CINCs Integrated Priority Lists, TOA guidance, assigned MDEPs, and new initiatives. After reviewing and making assessments the PEGs build programs to meet their Title 10 functions. They ensure all programs are well balanced, executable and cost effective. [Ref. 9] The PEG proponents will guide MDEP prioritization within the fiscal and manpower constraints provided by DPAE. High priority MDEPs will fall within the core program level and are considered mandatory for a successful Army program. MDEPs that do not fall within the

core program level run the risk of being unresourced. The following is a list of all PEGs and their respective proponents.

<u>PEG</u>	<u>PROPONENT</u>
Manning	Office of the Assistant Secretary of the Army (OASA), Manpower and Reserve Affairs (M&RA)/Office of the Deputy Chief of Staff for Personnel (ODCSPER)
Equipping	OASA, Research, Development and Acquisitions (RDA)/Office of the Deputy Chief of Staff for Operations and Plans (ODCSOPS)
Training	OASA, (M&RA)/ODCSOPS
Sustaining	OASA, Installations and Environment (IE)/Office of the Deputy Chief of Staff for Logistics (ODCSLOG)
Organizing	OASA, (M&RA)/ODCSOPS
Installation	Office of the Assistant Chief of Staff for Installation Management (OACSIM)/OASA (IE)

[Ref. 7]

c) Planning, Program and Budget Committee (PPBC)

The next level in the program development and approval process is the PPBC. The PPBC reviews the PEGs recommendations and discusses and resolves issues. It ensures any adjustments remain consistent with policy and priorities provided by the DPG and APGM. [Ref. 2] The ADCSOPS, DPAE and Deputy Assistant Secretary of the Army for Budget (DAB) chair the PPBC, depending on the issue under consideration.

[Ref. 9] The PPBC determines which MDEPS will fall in the resourced, resourced at risk and unresourced levels. [Ref. 7] PPBC membership includes:

- Assistant Deputy Chief of Staff for Logistics (ADCSLOG)
- Assistant Deputy Chief of Staff for Intelligence (ADCSINT)
- Assistant Deputy Chief of Staff for Personnel (ADCSPER)
- Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs (OASA(M&RA))
- Office of the Assistant Secretary of the Army for Installations and Environment (OASA(IE))
- Office of the Assistant Secretary of the Army for Civil Works (OASA(CW))
- Director of Information Systems for Command, Control, Communications, and Computers (DISC4)
- Assistant Chief of Staff for Installation Management (ACSIM)
- Chief of the Army Reserves (CAR)
- Director of Army National Guard (DARNG)

[Ref. 7]

d) Senior Review Group (SRG)

The SRG takes any unresolved issues involving unresourced programs from the PPBC and reviews and resolves them. The SRG is co-chaired by the Under Secretary of the Army and the Vice Chief of Staff of the Army. [Ref. 9] The SRG provides recommendations to the Army Resources Board (ARB) on prioritization of programs and resource allocation alternatives. In addition to making POM

recommendations it also recommends TAP, APGM and Budget Estimate Submission (BES) to HQDA. [Ref. 7] The SRG membership includes:

- Deputy Chief of Staff for Logistics (DCSLOG)
- Deputy Chief of Staff for Operations (DCSOPS)
- Deputy Chief of Staff for Intelligence (DCSINT)
- Deputy Chief of Staff for Personnel (DCSPER)
- Assistant Secretary of the Army for Financial Management and Comptroller (ASA(FM&C))
- Assistant Secretary of the Army for Manpower and Reserve Affairs (ASA(M&RA))
- Assistant Secretary of the Army for Installations and Environment (ASA(IE))
- Assistant Secretary of the Army for Civil Works (ASA(CW))
- Assistant Chief of Staff for Installation Management (ACSIM)
- Chief of the Army Reserves (CAR)
- Director of Army National Guard (DARNG)

[Ref. 7]

e) Army Resources Board (ARB)

The ARB is the senior resource management committee in the Army. The Secretary of the Army (SA) and Chief of Staff of the Army (CSA) chair the ARB. The ARB is the final approval in the Army for program prioritization and selection of any alternative resource issues. In addition to final approval on the POM submission, the ARB also approves the TAP and BES. The POM and BES are both forwarded to DoD.

[Ref. 9]

The membership of the ARB includes:

- Secretary of the Army (SA)
- Chief of Staff for the Army (CSA)
- Under Secretary of the Army
- Vice Chief of Staff of the Army
- Assistant Secretary of the Army (ASA) for Financial Management and Comptroller (FM&C)
- ASA for Installations, Logistics and the Environment
- ASA for Manpower and Reserve Affairs
- ASA for Research, Development and Acquisition
- Deputy Chief of Staff for Operations (DCSOPS)
- Special Assistant to the ASA (FM&C)
- DPAE
- Deputy ASA (Army Budget)

[Ref. 7]

C. ARMY BUDGET FORMULATION

The Army budgeting phase is managed by the Assistant Secretary of the Army for Financial Management and Comptroller (ASA (FM&C)). The programming and budgeting phases are integrated. The key players in the programming phase are the same for the budgeting phase with the exception that the PPBC has a different chairperson.

[Ref. 9] The PPBC is chaired by the Deputy Assistant Secretary of the Army for Army Budget (DAB) during the budgeting phase.

The BES goes through the same review and approval process as a program except the BES is in congressional budgetary terms vice program terms. The BES consists of the Prior Year (PY), Current Year (CY), and Budget Years (BY) and is supervised by the DAB. The MACOMs submit both program and budget estimate data when developing MDEPs. This integration of processes reduces the workload and redundancy for MACOMs and allows commencement of the BES review as soon as the PDM is received.

[Ref. 7]

D. ARMY PPBES CYCLE

The Army's PPBES cycle is a continual overlapping process that in reality is conducted annually. In theory the process is conducted biennially to match the PPBS process of the DoD. In the Program Review Year the Army updates planning and programming guidance which in turn leads to updating the BES. Since a BES is conducted every year to support the PB and Congressional appropriations, it is important to ensure any planning and programming issues that can support the BES are addressed. The fiscal environment that the Army operates within is always changing, thus requiring the continual updating and adjusting of the process for resource allocation.

IV. DEPARTMENT OF THE NAVY PPBS

The Department of the Navy (DoN) consists of the Navy and Marine Corps. The budget the DoN receives is for both the Navy and Marine Corps team. Navy funding is called “blue dollars” and Marine Corps funding is called “green dollars”. There are several Navy programs that support Marine Corps operations. This funding is called “blue dollars in support of green dollars”. The Navy and Marine Corps conduct separate, but interrelated, planning and programming phases in the DoN PPBS process. Although the end product is one DoN POM submission and one BES submission, the means by which the Navy and Marine Corps develop their inputs to the DoN POM are very different. This chapter will focus on the Navy PPBS process and the following chapter will discuss the Marine Corps process.

A. NAVY ORGANIZATION

1. N8

N8 is the office of the Deputy Chief of Naval Operations (DCNO), Resources, Warfare Requirements, and Assessment, and oversees the Navy’s PPBS process. N8 uses four division directors to help execute the entire process. Figure 4.1 displays the N8 organization.

2. N80

N80 is the division director for programming. N80 coordinates the Sponsor Program Proposals that are developed by Resource Sponsors into an overall Navy POM.

They balance Navy programs exactly to meet Navy TOA and are responsible for the inputs to the six-year FYDP plan.

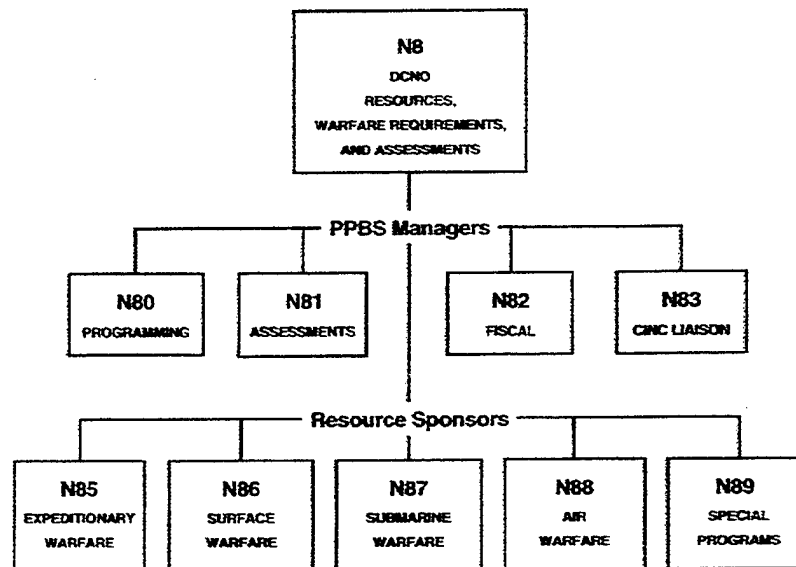


Figure 4.1. N8 Organization [Ref. 9]

3. N81

N81 is the division director for assessments. N81 is the backbone for the planning phase. They assess strategic and resource requirements and integrated warfare architectures to develop strategy and policy for force planning guidance. The output is the service POM guidance. [Ref. 11]

4. N82

N82 is the division director for fiscal management of Navy appropriations. N82 integrates programming and budgeting requirements by reviewing budget estimates to

ensure they comply with the POM. Additionally, N82 ensures reporting of program status and funds availability, and reviewing execution of allocated funds are satisfactorily meeting program objectives. [Ref. 13]

5. N83

CINC liaison office is another key player in the PPBS process under N8. N83 ensures that the inputs of the warfighting CINCs are represented in each phase of the planning and programming process.

6. Resource Sponsors

Resource sponsors are warfare specific program developers. They are responsible to N8 for their areas of expertise. Resource Sponsors are program oriented vice appropriation oriented. They are responsible for interrelated programs or parts of programs in several mission areas. During the programming phase the Resource Sponsors are responsible for a balanced and effective program within the TOA. Additionally, they develop Sponsor Program Proposals (SPPs) that support Navy objectives. In the budgeting phase they provide budget guidance to the BSOs and will recommend program adjustments to accommodate pricing changes. Resource Sponsors are involved in all aspects of the DoN PPBS review processes. They support their programs by briefing and providing reports on the status of their programs to Congressional committees and staffs. [Ref. 13] Figure 4.1 illustrates only the five larger resource sponsors. In total there are 19 resource sponsors. The resource sponsors and their area of responsibility include:

Resource Sponsor	Resource Area
Assistant Vice Chief of Operations (N09B)	Administration/Physical Security
DCNO for Manpower and Personnel (N1)	Personnel Support
Director, Naval Intelligence (N2)	Intelligence
Director, Logistics (N4)	Logistics
Director, Space and Electronic Warfare (N6)	Space, Command and Control
Director, Naval Training (N7)	Education and Training
Director, Naval Nuclear Propulsion Program	Nuclear Propulsion
Director, Navy T&E and RDT&E	Technology Requirements (N091)
Director, Naval Medicine/Surgeon General (N093)	Medical Support
Director, Naval Reserve (N095)	Reserve Affairs
Oceanographer of the Navy (N096)	Oceanography and Meteorology
Director, CINC Liaison (N83)	CINC Programs
Director, Headquarters, Marine Corps	Marine Corps Resources
Director, Expeditionary Warfare (N85)	Expeditionary Forces
Director, Surface Warfare (N86)	Surface Programs
Director, Submarine Warfare (N87)	Submarine Programs
Director, Air Warfare (N88)	Aviation Programs
Director, Special Programs (N89)	Special Programs

[Ref. 13]

B. NAVY PLANNING

The aim of Navy planning is to assess the strategic and resource environments, develop Integrated Warfare Architecture (IWAR), and develop strategy and policy for force planning guidance. The concept "Forward...From the Sea" is intended to transition the Naval Service into the 21st Century. From this strategic vision and other operational concepts, the Chief of Naval Operations (CNO) develops his Strategic Planning Guidance (CSPG) and Long Range Planning Objectives (LRPOs). These two documents outline how the Navy will achieve strategic and operational objectives. Additionally, both documents are used to develop IWAR. [Ref. 9]

1. IWAR

The IWAR process is guided by the CNO and other four star admirals. IWAR analyzes end-to-end capabilities, which achieves integration across platforms, improves rigor and discipline, and provides a product with synchronized pieces. It prioritizes capability areas inside the Navy TOA and ties together execution, budget, programming, and out-years. IWAR give the Navy early vision and stability for sponsors, claimants, Program Executive Office's (PEOs) and vendors to achieve efficiency. IWAR is the foundation for resource decisions and provides an Integrated Product Team (IPT) approach. [Ref. 11]

Five warfare areas make up IWAR. These warfare areas consist of Sea Dominance, Deterrence, Power Projection, Air Dominance and Information Superiority Sensors. These five warfare areas are supported by seven support IWAR: Sustainment,

Infrastructure, Manpower and Personnel, Readiness, Training and Education, Technology, and Force Structure. Figure 4.2 illustrates the IWAR relationships. [Ref. 9]

The five warfare areas and seven support areas are assessed by core working groups from N81. Other personnel from throughout the Navy Staff and other Navy and Marine Corps organizations also are a part of these core groups. The core group assessments are published in the CNO Program Analysis Memoranda (CPAM). There is one CPAM for each of the five warfare areas and seven support IWAR. [Ref. 9] CPAMs provide a balanced program across capability areas and over time. They are the foundation for programming guidance and describe impacts on warfare capabilities over the near, mid, and far term. CPAMs assess current FYDP programs and their contributions to an overall balanced program. Additionally, each CPAM recommends capability trade-offs and alternatives. [Ref. 11]

N81 assesses and consolidates the twelve CPAMs into an integrated program, ensuring it is balanced across the entire structure and meets Navy TOA. All trade-offs are identified and alternatives developed within each program. CPAM is then forwarded to the Integrated Resources and Requirements Review Board (IR3B). [Ref. 9]

2. IR3B

R3B is made up of the Assistant Secretaries of the Navy (ASN) and three star Navy and Marine Corps leadership. After reviewing and making recommendations or resolutions on any major issues, the IR3B forwards the Summary CPAM to the DoN Program Strategy Board (DPSB). [Ref. 9]

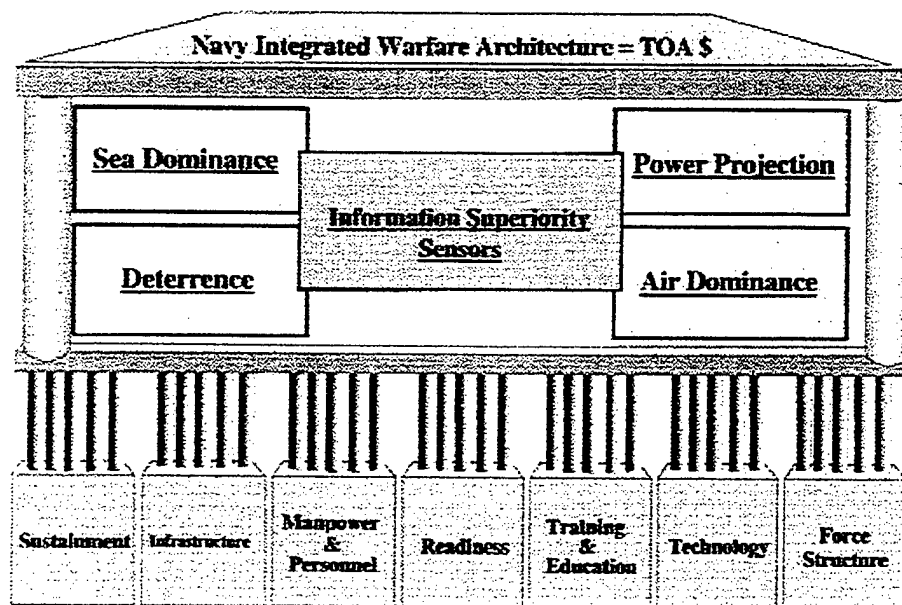


Figure 4.2. Navy IWAR Structure [Ref. 1]

3. DPSB

The DPSB has the final decision on the Summary CPAM or POM preparation guidance. It uses the Summary CPAM to develop and issue programming guidance. Upon the issuance of this programming guidance, the planning phase ends and the programming phase commences. [Ref. 9] The membership of the DPSB includes:

- Secretary of the Navy (chairman)
- CNO
- CMC
- Vice CNO

- Assistant CMC
- Under Secretary of the Navy (ASN)
- General Counsel
- ASN (Research, Development, and Acquisition)
- ASN (Financial Management)
- ASN (Installations and Environment)
- ASN (Manpower and Reserve Affairs)

Additionally, the board may include other members from the Secretariat, Office of the CNO, and Headquarters, Marine Corps. [Ref. 12]

C. PROGRAM ASSESSMENT PHASE

POM Serial number one commences the programming process. It provides structure and guidance for the programming process. It is issued by N80 and provides a complete schedule of major PPBS milestones and lists sponsorship responsibilities. It is the first of several POM Serials. POM Serials are a series of memoranda issued by N80 to specify Navy procedures for conducting PPBS activities during a POM cycle. [Ref. 10]

Claimant and CINC inputs are another major part of the program assessment phase. Claimants consist of Fleet Commanders, System Command and other major commands, such as the Chief of Naval Education and Training (CNET) and Commander Naval Reserve Force (COMNAVRESFOR). The CINC and Claimant inputs must be addressed in the assessment process and are facilitated by the CINC Liaison N83.

Resource Sponsors must address the top five issues on the CINC's Integrated Priority Lists (IPL). [Ref. 11]

Baseline Assessment Memoranda (BAMs) examine particular areas of interest from a broad, integrative perspective, raising issues and options for further consideration. Resource sponsors are assigned to develop BAMs for different specific areas. Examples of areas covered are logistics, technical manuals, physical security and manpower personnel and training. BAMs take into consideration trade-offs between capabilities and costs. BAMs address only supporting activities, not combat force structure, and generally they address programs that cut across different resource sponsors. The goal of BAMs is to give Resource Sponsors costing of supporting elements for the development of their programs. Resource Sponsors must comply with BAMs. [Ref. 10]

D. PROGRAM DEVELOPMENT PHASE

The Summary CPAM and Navy fiscal guidance are used by Resource Sponsors to develop Sponsor Program Proposals (SPPs). SPPs support Navy objectives and address the needs of the unified commanders and the Navy claimants, while meeting the Navy TOA in their area. All of the SPPs are gathered up and assessed by N80 to ensure fiscal and program guidance has been met. Upon completion of the SPPs assessments, N80 combines the Navy and Marine Corps' submissions and presents them to the Integrated Resources and Requirements Review Board (IR3B), which starts the "End Game" review [Ref. 11]

The IR3B reviews and makes program decisions and adjusts SPPs to ensure that a balance and consistent proposal are forwarded to the Navy Staff Executive Steering Committee (ESC). The ESC is chaired by the Vice CNO and includes three star flag officers. The ESC makes CNO decisions on policy issues. The CNO decisions form the Tentative POM (T-POM). The T-POM is then reviewed by the DPSB to ensure CINC priorities have been addressed. Finally, the DPSB ensures that the DPG and fiscal guidance have been met and the POM reflects a balanced and executable program. Upon approval by the SECNAV, the T-POM becomes the DoN POM and is submitted to OSD. The DoN POM will then go through the review and approval process discussed in Chapter II, which ends the programming phase. [Ref. 11] Figure 4.3 illustrates the POM development phase.

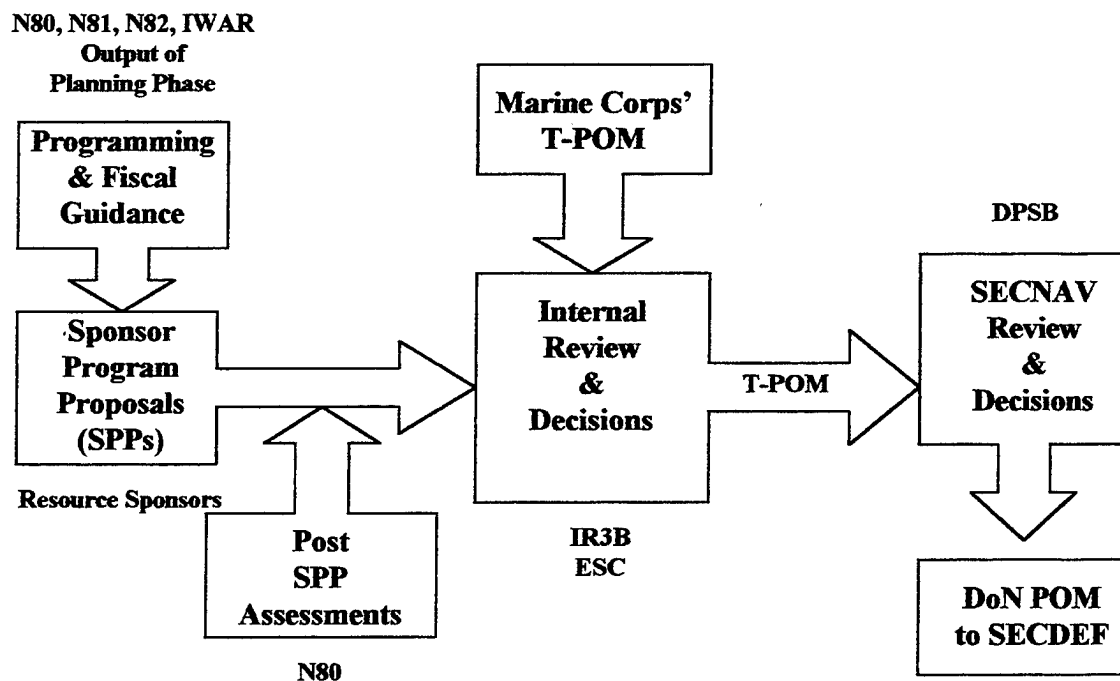


Figure 4.3. POM Development [Ref. 9]

E. BUDGET FORMULATION

The transition from programming to budgeting is a significant change in organizational responsibilities. Process oversight, as well as control over the centralized program database, passes from N80 to N82. Also, responsibility for submitting detailed cost data shifts from resource sponsors to claimants and Budget Submitting Offices (BSOs). To start the budget formulation process, the Office of Budget (FMB) issues a budget call to BSOs or claimants. FMB also issues budget guidance memorandums to help direct the BSOs with formulating their submissions. These memos contain budget review schedules and related guidance. [Ref. 10]

The BSOs prepare estimates based on SECNAV programs as requested in the POM. They convert from program to appropriation category and apply the latest contractual and pricing information. Any shortfalls and problems in the POM are corrected and budget exhibits are developed and submitted to the FMB. [Ref. 11] After a detailed review of the budget exhibits, the FMB budget analyst may request additional information prior to issuing marks for each appropriation to the BSOs. If any BSO disagrees with a mark, they are permitted to submit a reclama stating their position. All reclaims are reviewed by the FMB staff and any unresolved issues are adjudicated by the Director FMB after consulting with senior officials in the Office of the CNO and Headquarters, Marine Corps, as appropriate. After review by FMB, a summary of the budget highlighting changes from the POM and any remaining outstanding issues is presented to the SECNAV. SECNAV makes final decisions on appropriation levels and detailed controls are provided to BSOs for preparation of the budget for submission to

OSD and OMB. [Ref. 13] The DoN budget is submitted to OSD for a joint OSD and OMB review. This review process is discussed in Chapter II.

V. MARINE CORPS PPBS

In the previous chapter, the planning and programming was discussed for "blue dollars" and "blue dollars in support of green". The Marine Corps is a key player and participant in the planning and programming processes for both "blue dollars" and "blue dollars in support of green". "Blue dollars in support of green dollars" are planned and programmed jointly. However, those two processes are accomplished differently than those used to plan and program "green dollars", or the Marine Corps TOA. The practical effect of these split responsibilities is that the Marine Corps planning and programming decisions are constantly being made in two different, interactive processes. The Marine Corps must have close and continuous coordination throughout the development of planning, programs and budgets. In the end the SECNAV submits one consolidated POM to the Secretary of Defense. [Ref. 9] This chapter will discuss the planning and programming for the Marine Corps TOA.

A. MARINE CORPS PLANNING

The Navy and Marine Corps both use the vision from "Forward from the Sea" to develop their respective operational concepts. The operational concept, Operational Maneuver from the Sea (OMFTS), is derived from "Forward from the Sea." The Commandant of the Marine Corps (CMC) develops his Planning Guidance (CPG) using the "Forward from the Sea" and OMFTS concepts as a basis. In turn, The Marine Corps Master Plan (MCMP) uses the CPG as a foundation. The MCMP provides long-range Marine Corps goals and mid range direction for programs and budgets. The MCMP

specifically addresses operational requirements in the areas of doctrine, organization, training and education, equipment, and facilities and support. [Ref. 9]

The MCMP gives direction for the programming and budgeting phases of PPBS. To develop the MCMP, the Marine Corps uses the Combat Development Process (CDP), which determines battlefield requirements and provides the needed resources to produce combat ready Marine Air-Ground Task Forces (MAGTF). The CDP helps bridge the vision and concepts to forces within the fiscal constraints. [Ref. 9] The result is the Marine Corps Master Plan (MCMP), which provides the operational foundation for the organization, equipping, training, and development of doctrine and operational techniques for MAGTFs. [Ref. 10]

In addition to the MCMP and CPG the Marine Corps uses the NMSD and DPG to give direction to the programming phase and POM development.

B. POM DEVELOPMENT

Since the Marine Corps falls within the Department of the Navy (DoN), its POM is a part of the overall POM the Secretary of the Navy forwards to OSD. Once Marine Corps TOA is determined, which constitutes "green dollars", the core funding level is calculated.

The Deputy Chief of Staff (DCS) for Programs and Resources is the overall manager of the Marine Corps programming process. DCS for Programs and Resources provides the initial programming guidance for commencing the POM development phase. Part of the initial programming guidance is the core funding level. [Ref. 14] The core

funding level includes programs that do not require change during the POM cycle or areas of the FYDP that do not need to be changed. The dollar amount is calculated for these programs, thus creating a core funding level. Once the core funding level is determined, then the above core requirements are the areas assessed by the POM development process. [Ref. 10]

Program initiatives are requests for the above the core funding. A program initiative is discrete in terms of resources requested and capability offered. Individual initiatives that depend on other program initiatives are rolled up into one initiative for costing purposes. [Ref. 15] Program initiatives are gathered up and evaluated at the Program Evaluation Groups (PEGs).

1. Program Evaluation Groups (PEGs)

There are six PEGs that gather and prioritize initiatives from operational forces, the Marine Corps Warfighting Lab, and other organizations. They prioritize all initiatives in terms of benefit to the overall mission. The PEGs are not fiscally constrained. [Ref. 9] The six PEGs are aligned to appropriation categories and include:

- Manpower
- Operation and Maintenance
- Investment
- Family Housing
- Military Construction
- Blue-in-Support-of-Green

[Ref. 16]

Each PEG must consider an issue across multiple appropriations to ensure all aspects of a program are addressed. The PEG's functions are:

- To hear briefings on selected initiatives that represent different Marine Corps missions or sponsors.
- To judge priority and relative benefit among the selected initiatives.
- To consider any objections from the functional sponsors.
- To forward a final list with assigned benefit values to the POM Working Group (PWG).

[Ref. 17]

During the prioritization process the goal is to achieve complete consensus. When consensus cannot be achieved, the majority rules and dissenters' opinions are recorded. The prioritized lists that are forwarded to the PWG also contain comments and dissenting opinions. [Ref. 17] The PEGs memberships come from the Major, Lieutenant Colonel and civilian ranks of commands in the respective areas for each PEG. Membership is for the entire POM cycle.

2. POM Working Group (PWG)

The PWG consolidates, assesses, and prioritizes the recommendations from the PEGS. The PWG is fiscally constrained and must forward a program that meets the Marine Corps TOA. This involves developing an in-depth understanding of programmatic issues, prioritizing initiatives within each appropriation, and resolving conflicting requirements, producing alternatives and producing a recommended Marine Corps POM. The PWG forwards their draft POM, alternatives and unresolved issues to the Program

Review Group (PRG). The PWG membership consists of the senior officers from the ranks of Lieutenant Colonel and Colonel. [Ref. 16]

3. Program Review Group (PRG)

The PRG reviews program issues identified by the PWG and resolves all issues except the major issues. The PRG assesses warfighting capabilities and program balance of the draft POM. Additionally, the PRG provides guidance to the PEGs and PWG during the POM cycle. The PRG forwards a balanced draft POM and any major issues to the CMC. [Ref. 9] Membership in the PRG includes:

- Commanding General, Marine Corps Combat Development Command
- DCS Programs and Resources
- DCS Manpower and Reserve Affairs
- DCS Aviation
- DCS Plans, Policies, and Operations
- Council for the Commandant
- Director, Programming Division (N80)
- Inspector General of the Marine Corps
- Assistant Chief of Staff for Installation and Logistics
- Commanding General, Marine Corps Systems Command
- Director, Expeditionary Warfare Division (N85)
- Director, Assessment Division (N81)
- Director, Public Affairs

- Director, Office of Program Appraisal (OPA)
- Legislative Assistant to the Commandant

[Ref. 18]

4. CMC

The CMC makes all final decisions on any major issues forwarded with the T-POM. These decisions are presented in the CMC final program guidance. Once the CMC has approved the T-POM, The DCS Programs and Resources and the Director, Programming Division (N80) from the Navy Staff, present the Marine Corps T-POM to the DPSB. From this point on, the Marine Corps POM is a part of the overall DoN POM and will follow the approval process already outlined in the previous chapter. [Ref. 9]

Figure 5.1 outlines the T-POM development process.

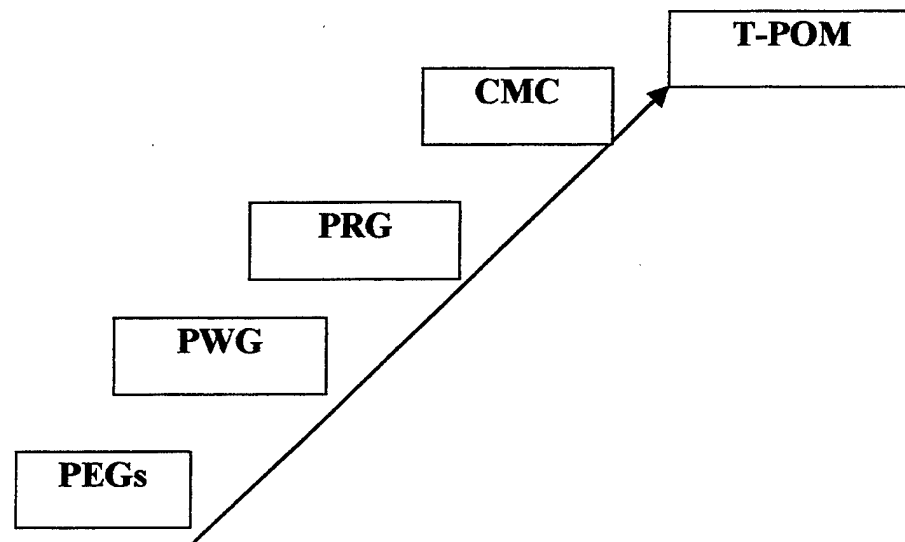


Figure 5.1. Marine Corps T-POM Review Process [Ref. 9]

C. BUDGET FORMULATION

In the budget formulation phase, the Marine Corps falls within the DoN process. The Marine Corps' participation in the process is that of a Budget Submitting Office (BSO) for the DoN.

The DCS for Programs and Resources is responsible for transition of the first two years of the POM into BES format. The office of the DCS for Programs and Resources converts all program data into appropriation data. The Program and Resources Division is divided into sections, by appropriation category, to accomplish the POM transition. The sections are responsible for their appropriation BES and supporting documentation. Once the BES is consolidated, the DCS for Programs and Resources conducts a review of the entire BES to ensure consistency with the POM and overall Marine Corps objectives. Upon completion of the BES, it is submitted to FMB. As a BSO, the Marine Corps is given the opportunity to state its priorities and objectives for resources in the form of an executable budget. The remainder of the budget formulation process is the same as any other BSO in the DoN, as outlined in Chapter IV.

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VI. DEPARTMENT OF THE AIR FORCE PPBS

The Air Force (AF) PPBS process is designed to support the total force. The AF accomplishes this by integrating the operational requirements with the projected fiscal, manpower, and materiel resources. This integration is accomplished by balancing near-term readiness, sustainability, and force structure with long term modernization requirements. The AF's entire process takes into consideration the need to recruit, train and maintain quality personnel, which is the key to both near-term reliability and long-term capability. [Ref. 19] The AF calls its PPBS organization the Air Force Corporate Structure (AFCS).

A. THE AIR FORCE CORPORATE STRUCTURE (AFCS)

The AFCS and associated Resource Allocation Process (RAP) is used for making decisions in the PPBS process. The primary objective of the AFCS is to provide the best possible recommendations and advice to the Chief of Staff of the Air Force (CSAF) and the Secretary of the Air Force (SECAF). This objective is accomplished by enhancing cross-functional decision making, empowering the corporate structure organizations and groups, and improving the flow of communications. The AFCS is based upon three philosophies:

- AF Resources should be allocated according to AF planning guidance
- SECAF and CSAF decide how to allocate all AF resources
- The AFCS should provide a seamless transition between PPBS phases

[Ref. 19]

1. The Program Element Monitors (PEM)

Program Elements (PEs) are the basic building blocks of the FYDP, a PEM is assigned to each PE as its AF expert. The PEM is the contact point for their respective PE and must address all issues concerning their PE. PEMs are normally assigned from within the Secretariat or Air Staff with primary responsibility. The PEM is the advocate and corporate memory for their PE in the AFCS. They are the link between the Major Commands (MACOMs), Direct Reporting Units (DRUs), and Field Operating Agencies (FOA) and the AFCS.

2. Integrated Process Teams (IPT)

Every PE is assigned to an IPT and every major program has an IPT. IPTs support both the AFCS and the functional staffs. Membership on an IPT are the PEMs associated with that major program. The goals of the IPT are to provide a multi-functional cross-staffed perspective on all major programs and to cut across organizational barriers to achieve better corporate decision making. The IPT comprises the knowledge and expertise that makes up a major program. The key to the IPT success is that the members are empowered to speak for their respective organizations.

3. Panels

Panels are the first step in the corporate deliberation process in the AFCS. They support the RAP by serving as the initial entry point for issues from the PEM, IPTs, MACOMs, DRUs, and FOAs that require corporate review. [Ref. 19] There are five mission and nine mission support panels. The mission panels are Air Superiority, Global Attack, Global Mobility, Space Superiority, and Information Superiority. The mission

support panels are RDT&E, Logistics, Battle Labs, Special Access Required, National Foreign Intelligence Program, Installation Support, Competitive Sourcing and Privatization, Communications/Information, and Personnel/Training. The Deputy Chief of Staff (DCS) or Assistant Secretary appoints panel chairmen. Chairmen are O6 or civilian equivalent and are from AF Deputy Chief of Staff for Plans and Programs (AF/XP), Assistant Secretary for Acquisitions (SAF/AQ), AF Deputy Chief of Staff for Development Plans (AF/DP), AF Director for Operational Requirements (AF/XO), AF Director for Installations and Logistics (AF/IL), and AF Director for Communications and Information (AF/SC). Panel membership is derived from across all AF functional organizations and based on Panel chair recommendations and functional inputs. Panels consist of core membership and advisory membership. Core members attend all meetings and advisory members only attend meeting concerning their specific issues. Panels task IPTs and interface with other panels to ensure a balance review is conducted on all issues. [Ref. 19]

4. The Air Force Group (AFG)

The Deputy AF Director of Programs (AF/XPP) chairs the AFG. Membership is at the O6 level or civilian equivalent and is from across all functional organizations. The AFG provides oversight and guidance to the IPTs and Panels. It reviews all issues and recommendations from the IPTs and Panels and develops the balanced integrated AF program. It provides a more senior level review prior to issues going to the Air Force Board (AFB). [Ref. 9] The AFG is the entry point to bring proposals and issues into the

AFCS for review. A Panel chair or a member of the AFG must sponsor all issues considered by the AFG. [Ref. 19]

5. The Air Force Board (AFB)

The AFB is chaired by the AF/XPP except for during the budgeting phase. During the budget formulation and execution process the Deputy Assistant Secretary for Budget (SAF/FMB) chairs the AFB. AFB membership consists of one and two star General Officers and Senior Executive Service Level civilians across all functional organizations. The AFB provides guidance to the AFG on the development of the integrated program. Issues brought to the attention of the AFB are major issues needing high level consideration. The Chairman of the AFG briefs all issues to the AFB.

6. The Air Force Council (AFC)

The AFC is chaired by the Vice Chief of Staff for the AF (AF/CV). The AFC membership consists of the four star General Officer level. The AFC is the final review on resource allocation and other issues and guides the corporate process. It forwards all recommendations and issues directly to the CSAF and SECDEF for final approval.

B. PLANNING PHASE

The purpose of the AF planning phase is to integrate the programming process with the long-range vision. [Ref. 9] The AF Strategic Vision is groundwork for the planning phase. The SECAF and CSAF publish the AF Strategic Vision every four years to give the direction the AF intends to go in the future. This vision complements the NMSD and is the basis for the AF Strategic Plan (AFSP).

1. Air Force Strategic Plan (AFSP)

The AF Director of Plans (AF/XPX) develops the AFSP. The AFSP implements the AF Strategic Vision and provides direction and guidance to planners. Additionally, it gives top down guidance and alignment for MACOM strategic plans.

2. Modernization Planning Process (MPP)

The MPP looks out 25 years and ensures the AF has the operational and institutional capabilities to meet the mission. It uses the AFSP to help determine the required capabilities and missions. The MPP uses a “strategy-to-task-to-need-to-solution-to-technology” methodology. The MACOM, DRU, FOA, and functional planners use the MPP to develop their own separate planning guidance used in the programming and budgeting processes. [Ref. 19]

3. Annual Planning and Programming Guidance (APPG)

The office with primary responsibility for the APPG is the AF/XPX. The APPG links the AF planning to programming. It addresses the near and mid-term planning and programming requirements and the long term program development. The APPG provides the corporate guidance for the upcoming POM development. It also provides a basis from which to measure progress toward the AF corporate goals outlined in the AFSP.

C. PROGRAMMING PHASE

The APPG starts the programming phase. In addition to the APPG, the AFCS provides detailed POM Preparation Instructions (PPI). PPIs provide the POM strategy, schedule of events, technical information, databases and formats to be used. In the even

years the first step in producing the POM is to extend the Program Baseline into the last two years of the new FYDP. This extension is based upon inputs from the PEMs and IPTs, which are reviewed and validated by the Panels. The programs chosen to be reviewed by the AFCS and those simply extended are determined by the DCS for Plans and Programs with inputs from the AFB and AFG chairs. Most programs are simply extended using current economic factors. During the odd year, a baseline extension is not needed or conducted.

Once the baseline extension is complete, MACOM, DRUs, FOAs, IPTs, and PEMs introduce proposals for changes to programs in the form of disconnects, initiatives, and offsets.

A disconnect is an approved program, or portion of an approved program, which has become unexecutable because of a mismatch between its resources and the content approved by SECAF and CSAF in the previous baseline. An initiative is a proposal for additional funds, which add to an on-going program's content. An offset is a resource identified to pay for disconnects, initiatives, or corporate bills. [Ref. 19]

The MACOM, DRUs and FOAs deliver their proposals to the Panels and to the AF Director for Program Integration (AF/XPPE). The proposals should be balanced, meaning that the disconnects and initiatives should equal the offsets. Additionally the PEMs and IPT present their proposals to the Panels. The Panels then review and prioritize all the proposals and the Panel chair briefs their recommendations to the AFG. The AFG reviews each proposal to ensure it is balanced and to approve or disapprove it. After all Panels have briefed the AFG, the AFG working with the Panels starts the process

of making a balanced AF proposed adjustment. When the AFG has a balanced, prioritized proposed adjustment, the chair briefs the adjustment to the AFB. The AFB will review and have the AFG make changes where required. Once the AFB approves the proposed adjustment, the chair briefs it to the AFC. The AFC reviews and makes changes as necessary. Upon AFC approval, the AFB chair and the AF/CV delivers the POM adjustment proposal for final approval to the CSAF and SECAF. Any required change to the adjustment proposal will be addressed all the way down to the Panel level. Throughout the process the AF/XPPE will coordinate with SAF/FMB to periodically price the POM options. Upon final approval of the POM adjustment by SECAF and CSAF, SAF/FMB prices the POM baseline to enable the POM documentation to be created. AF/XPPE is responsible to deliver the POM and all documentation to OSD. The POM submission must go through the OSD program review process discussed in Chapter II.

D. BUDGETING PHASE

The AF budgeting phase begins with an Investment Budget Review (IBR) and Operational Budget Review (OBR). These reviews are conducted by SAF/FMB with assistance from SAF/AQ for the IBR. The reviews determine expected obligation and execution rates based on a programs' previous performance. Programs not progressing as expected, must be adjusted in future years, restructured, or eliminated. If the AF does not capture these obligation and execution problems the OSD review could catch them and adjust the AF TOA negatively. [Ref. 19] The accounts affected by the IBR are

procurement, military construction, and RDT&E. The OBR looks at Operations and Maintenance (O&M) accounts. [Ref. 20]

The adjustments identified by the IBR or OBR process are reviewed by their respective committees. The Deputy Assistant Secretary for Budget Investment (SAF/FMBI) chairs the IBR committee and the Deputy Assistant Secretary for Budget Operation (SAF/FMBO) chairs the OBR committee. These two committees review and approve adjustments to be forwarded to the AFB. In the committee review process the respective PEMs will address the adjustments to the AFB, the IBR and the OBR committees. In the budget review phase the AFB is chaired by SAF/FMB. The AFB reviews the adjustments and briefs its recommendations to the AFC and finally to CSAF and SECAF for approval. The end result is a change to the POM baseline prior to the BES.

The BES includes the IBR, OBR, and PDM. In order to offset any disconnects made during the IBR, OBR, and PDM the BES goes through the AFCS process. During the programming phase the SAF/FMB is involved in pricing the POM baseline using a database system. This enables the BES to be easily adjusted for the IBR, OBR, PDM, and latest economic factors. The BES goes through the AFCS process and is briefed to the AFC, CSAF and SECAF by both SAF/FMB and AF/XPP. The SECAF approved BES is forwarded to OSD to commence the OSD/OMB review discussed in Chapter II.

VII. COMPARISONS

This chapter will compare the people, processes and products involved in the Planning, Programming and Budgeting Systems of the military services. The chapter is divided into the areas of planning, POM development, POM review, BES formulation and internal BES review.

A. PLANNING

The planning phase specifies the direction the services are headed to meet the requirements of the nation. The President's National Security Strategy, the Joint Strategic Planning Document (JSPD), and the Defense Planning Guidance (DPG), all approved at the very top of their respective chains of command, are the foundations that each of the services use to develop their own respective planning guidance. Each service has a strategic vision, which in broad terms delineates the direction the service is going in order to meet the requirements of the President's National Security Strategy and JSPD. The "Army Vision", "Forward From The Sea", "Operational Maneuver From The Sea", and "Global Engagement: A Vision for the 21st Century Air Force," all are approved by their respective Secretaries and are used to give each service a basis for more detailed planning. The differences in these visions and strategies result from the nature of each services' respective missions.

1. Responsible Headquarters Organization

The planning phase for all the services is supported by a two or three star flag officer and supporting staffs. Specifically, the Army, Navy and Marine Corps are

represented by two star flag officers in the positions of Deputy Chief of Operations and Plans, Director Assessment Division (N81), and Deputy Chief of Staff for Plans, Policy and Operations, respectively. The Air Force (AF) is represented by a three star flag officer in the position of AF Director of Plans (AF/XPX). The relative position in the organizational chain of command for each of these flag officers is consistent among the services. Additionally, the Army and the Navy use the senior corporate structure groups to review and approve the final guidance. Specifically, the Army's Senior Review Group and Army Resources Board (ARB) reviews and approves the final output to the planning phase. The Navy's Integrated Resources and Requirements Review Board (IR3B) and DoN Program Strategy Board (DPSB) review and approve the programming guidance. These groups contain both flag officers and assistant secretaries.

2. Planning Processes

Each service takes its respective vision statement and develops the necessary plans and guidance to facilitate the programming phase.

a) Army

The Army planning process is primarily controlled and conducted by the Operations and Plans division. To determine the base force level dictated in the Draft TAP, the Total Army Analysis (TAA) process is used. MACOM, Program Executive Offices, and Army Headquarters provide inputs to the TAA. The TAA is computer aided and is used to justify manpower and equipment requirements. Additionally, the Army Strategic Planning Guidance (ASPG), Army Modernization Plan (AMP), Long Range

Research, Development and Acquisition Plan (LRRDAP), and Army Planning Guidance all are developed at the Headquarters divisional levels and are part of the final TAP. The final TAP is reviewed by the Senior Review Group (SRG) and approved by the Army Resources Board (ARB). This Army Planning process is a centralized process with the exception of the inputs to the TAA by the MACOM and Program Executive Offices.

b) Navy

The Navy planning process uses the Integrated Warfare Architecture (IWAR) to develop the guidance necessary to commence the programming phase. The CNO Strategic Planning Guidance (CSPG) and Long Range Planning Objectives (LRPO) are developed by the CNO's headquarters organization and gives the required guidance to the IWAR process. N81 core working groups develop the CNO Program Analysis Memoranda (CPAMs) for the five warfare areas and seven support areas. N81 balances the twelve CPAMs and consolidates them into one Summary CPAM. The Summary CPAM is reviewed by the IR3B and approved by the DPSB. The DPSB uses the Summary CPAM to develop the programming guidance. The Navy planning process is very centralized in both development and approval.

c) Marine Corps

The Commandant of the Marine Corps (CMC) headquarters organization develops the CMC Planning Guidance (CPG). The CPG is used by the Deputy Chief of Staff for Plans, Policy, and Operations to develop the Marine Corps Master Plan (MCMP). The battlefield requirements and resources needed to produce Marine Air-

Ground-Task Forces (MAGTF) are developed in the combat development process. The output from the combat development process is the force level for the MCMP. The Marine Corps planning inputs and decisions are centralized.

d) Air Force

The AF/XPX develops the AF Strategic Plan (AFSP), Modernization Planning Process, and Annual Planning and Programming Guidance (APPG). This process is entirely conducted within the Director of Plans division, resulting in a very centralized planning process.

In summary, all four services have a centralized planning process with the Army receiving decentralized inputs for base force level determination. The remainder of the Army's process is centralized. The Army and the Navy use their senior level boards for POM review and approval as part of the planning process.

3. Planning Phase Products

The primary product of the planning phase is the resource guidance needed to develop programs that meet the requirements of the services' vision statement.

The Army's programming guidance for the upcoming POM is encompassed in the Army Planning Guidance Memorandum (APGM). The APGM is derived from the TAP. The TAP also consists of the ASPG, AMP, LRRDAP, and APG. The ASPG is a plan that translates Army vision into objectives and strategies. The AMP translates the goals for the future into the modernization plans for the near and far term. The AMP uses the

LRRDAP to develop the plans and acquisition programs needed to support future goals. The APG covers the POM period plus 10 years.

The Navy output is the Summary CPAM, which contains the programming guidance. The Summary CPAM also addresses the long-term objectives and acquisitions needed to support the DoN. In order to bridge the vision statement to programming guidance the CSPG and LRPO are developed.

The Marine Corps bridges its strategic vision to programming guidance with the CMC Planning Guidance (CPG). The MCMP contains the programming guidance that ends the planning phase and commences the programming phase.

The AF uses the AFSP to bridge from the broad vision to a more detailed APPG that is used to provide POM programming guidance. Additionally, the AF develops the MPP to insure the capabilities are available to meet the objectives of the AFSP and strategic vision.

In summary, all the services bridge a broad vision and concept into specific short term programming guidance. They all address modernization and acquisition objectives along with projected force levels and fiscal resources. The Navy's Summary CPAM differs as a final product because it not only provides guidance, but also a balanced integrated program to commence the POM development. Table 7.1 summarizes the planning process comparison among the services.

Table 7.1. Planning Comparison Table

	Army	Navy	Marine Corps	Air Force
Responsible Headquarters Organization	Deputy Chief of Staff for Operations and Plans (DCSOPS)	N81 Assessment Division	Deputy Chief of Staff for Programs and Resources	Air Force Director of Plans (AF/XPX)
Guiding Vision	"Army Vision 2010"	"Forward from the Sea"	"Forward from the Sea" "Operational Maneuver from the Sea" (OMFTS)	"Global Engagement: A Vision for the 21 st Century Air Force"
Guiding Plan	The Army Plan (TAP)	CNO Strategic Planning Guidance	CMC Planning Guidance (CPG)	Air Force Strategic Plan (AFSP)
		CNO Long Range Planning Objectives (LRPOs)		
Supporting Plans	Army Strategic Planning Guidance (ASPG) Army Modernization Plan (AMP) Long Range Research, Development and Acquisition Plan (LRRDAP) The Army Planning Guidance	Summary CNO Program Analysis Memoranda (CPAM)	Marine Corps Master Plan (MCMP)	Modernization Planning Process (MPP) Annual Planning and Programming Guidance (APPG)

Table 7.1. Planning Comparison Table (Cont.)

	Army	Navy	Marine Corps	Air Force
Planning Process	Total Army Analysis (TAA) Receives input from MACOM, Program Executive Offices (PEOs) and HQDA Product is base force level for TAP Headquarters divisions develop supporting plans TAP is reviewed by SRG and approved by ARB.	IWAR core working groups develop CPAMs for the five warfare areas and seven supporting areas These twelve CPAMs are balanced by N81 to form a summary CPAM Summary CPAM is forwarded to IR3B for review Final approval is at the DPSB level	Combat Development Process (CDP) determines battlefield requirements and resources to produce Marine Air-Ground Task Forces (MAGTF) Output is force levels for MCMF	AF/XPX develops the AFSP, MPP and APPG Those plans give the guidance to MACOM for the development of their separate Planning and Programming Guidance

B. POM DEVELOPMENT

The programming phase involves taking the planning and fiscal guidance developed in the planning phase and developing viable programs. The programs developed must be balanced and executable under the fiscal guidance provided. Each service provides a POM to the Office of the Secretary of Defense (OSD) for approval. Although the PPBS process is a biennial process by design, the services conduct the development or review of a POM every year, as applicable.

The development of the POM differs among the services in degrees of centralization. In the Army and Air Force, inputs are provided by the Major Commands (MACOM). In the Navy and Marine Corps, the POM is developed by the headquarters staff, with MACOM involvement limited to issues and initiatives.

The Army uses its Army Planning Guidance (APG), which is a part of the overall TAP, to give the top down guidance needed for the MACOMs to develop POM input. The APG provides estimates on fiscal and manpower levels in terms of the Title 10 functions. The MACOMs develop their inputs in the form of Management Decision Packages (MDEPs). MACOM MDEPs submissions are prioritized and contain both program and budget data. All Army resources are accounted for by their respective MDEP. The MDEPs are reviewed by the Director of Program Analysis and Evaluation (DPAE) staff and distributed into Title 10 functional areas to facilitate assignment to a respective Program Evaluation Group (PEG). PEGs are an O6 level officer review group. PEGs review and prioritize the MDEPs using fiscal and priority guidance from their

respective proponent and DPAE. The final output of each of the PEGs is a balanced and executable program. All of the PEGs outputs together are the draft Army POM.

The AF distributes its guidance to the MACOMs via the APPG and the baseline extension. Inputs for the baseline extension are provided by the MACOM, Integrated Process Teams (IPT), and Program Element Monitors (PEMs), which comprise the IPTs. The programs chosen for extension and not reviewed are approved by the Deputy Chief of Staff for Plans and Programs. The remaining programs compete for the remaining scarce resource dollars. MACOMs, Direct Reporting Units (DRUs) and Field Operating Agencies (FOAs) provide balanced program proposals via the IPTs. The IPTs proposals are the basis for the draft POM. These proposals are delivered to the Panels and AF Director of Program Integration (AF/XPPE) for review and prioritization.

The Navy has a centralized process for POM development. Resource Sponsors, normally two star flag officers assigned as a Deputy CNO or Division Director, use the guidance provided in the Summary CPAM and their respective TOA to provide the POM inputs. The Resource Sponsors develop Sponsor Program Proposals, which outline the allocation of resources in their programs. Additionally, the Resource Sponsors must address the top five items on the CINC Integrated Priority Lists and any issues that may arise from claimant issue papers. The SPPs are the basis for the start of the POM review.

The Marine Corps Deputy Chief of Staff (DCS) for Programs and Resources uses the TOA to develop the core funding level. The core funding level determines which programs will compete for the remaining resource dollars. PEGs gather program initiatives from operational forces to determine the programs competing for the remaining

resource funding. The PEGs are aligned to appropriation categories and are not fiscally constrained while reviewing and prioritizing program initiatives. The prioritized program initiatives from the PEGs are the basis for the start of the POM review.

The major differences in the POM development processes are that the Army submits both program and budget data in the form of a MDEP, and they and the AF use decentralized inputs. The Navy and Marine Corps use a centralized approach to POM development. The Navy's IWAR process provides an integrated balance program in addition to the guidance for the POM developers. Finally, the Marine Corps' major difference is the PEGs that develop the initial input are not fiscally constrained.

C. POM REVIEW

The POM review process is a review and prioritization of programs that must compete for the remaining fiscal resources. All of the services use a hierarchical sequence of boards to develop the POM for submission to OSD. The lower the board in the process, the smaller the issues it can approve. There is a direct relationship between the fiscal size and priority of a program issue being reviewed and the level at which final decision is made. The very senior level boards make decisions on only the major issues involving large fiscal resources and high priority programs. The entire POM review process for all of the services is centralized.

The Army's PEGs are the first level in their POM review process. As discussed earlier in this chapter, the PEGs prioritize the MDEPs and forward their recommendations to the Planning, Programming and Budget Committee (PPBC). The PPBC ensures all

top-down guidance has been met in the PEGs recommendations. Additionally, the PPBC determines which MDEPs will fall in the resourced, resourced at risk and unresourced levels. The PPBC is a two star flag officer committee that forwards their recommendations on unresolved issues to the three star Senior Review Group (SRG). The SRG reviews and forwards its recommendations on to the four star level Army Resources Board (ARB). All four levels of the Army's review process include not only a uniformed officer, but senior civilian secretariat personnel as well. The review process is very dynamic. Any change or issue addressed at a higher level in the process invokes action downward through the supporting levels. The PEG level is the corporate knowledge and support for the upper echelons. Once the ARB gives final approval to the proposed POM, DPAE packages it for submission to OSD. The four levels of the Army's POM review process support the OSD POM review process.

The Navy's POM review process has only three levels, which are the Integrated Resources and Requirements Review Board (IR3B), CNO Executive Steering Committee (ESC) and the DoN Program Strategy Board (DPSB). The IR3B is a three star Navy and Marine Corps and Assistant Secretaries of the Navy level board. The ESC is a three star level board chaired by the Vice CNO. The DPSB consists of the Secretary of the Navy, CNO, CMC and other top Assistant Secretaries and four star level board. The Resource Sponsors present their SPPs to the IR3B for review. After review for compliance with guidance, the SPPs are compiled by N80 into a POM proposal. The ESC reviews the proposal for policy issues and the CNO approves the Tentative POM (T-POM).

The T-POM is briefed by N80 and the Marine Corps DCS for Programs and Resources to the DPSB. After DPSB review and SECNAV approval the DoN POM is submitted to OSD for review.

Since the Marine Corps is part of the DoN, its POM input is submitted to the IR3B and follows the same process from that point on in the Navy's review process. However, the review structure up to that point is very different from that of the Navy's. The Marine Corps structure consists of three levels. The PEGs, which are at the 04/05 level, prioritize the program initiatives and forward them to the POM Working Group (PWG). The PWG is a 05/06 level group that must review, assess and forward a POM proposal that meets the Marine Corps TOA. The PWG forwards its proposal to the Program Review Group (PRG), which is a two and three star level group. The PRG reviews and forwards a balanced draft POM to the CMC for approval. Upon CMC approval, the POM is then submitted to the IR3B for inclusion into the DoN POM review process.

The AF uses its AFCS to review and produce the POM submission to OSD. The AFCS consists of five mission and nine mission support panels, which forward balanced proposals for their respective areas to the AF Group (AFG). The AFG develops the balanced integrated AF program. The AFG forwards the proposal to the AF Board (AFB). The AFB conducts its review and makes adjustments where needed and briefs recommendations to the AF Council (AFC). The AFC is the final review board and makes its recommendations directly to the CSAF and SECAF. Upon final approval, the Director of Programs Integration (AF/XPPE) submits the AF POM to OSD for review. The levels

of seniority for the AFCS are colonel level for Panels and the AFG, one or two star level for AFB and three and four star level for the AFC.

In summary, the major difference in the review structure is that the Navy POM review starts at the three star level and the other services begin at the O5/O6 level. Table 7.2 summarizes the POM process comparison.

Table 7.2. POM Process Comparison Table

	Army	Navy	Marine Corps	Air Force
Responsible Headquarters Organization	Director of Program Analysis and Evaluation (DPAE) ★ ★	Programming Division (N80) ★ ★	Deputy Chief of Staff (DCS) For Programs and Resources ★ ★	Director of Programs (AF/XPP) ★ ★
Resource Teams	Program Evaluation Groups (PEGS) 06	Resource Sponsors ★ ★	PEGS	Integrated Process Teams (IPT) 06
Corporate Review Structure	PPBC ★ ★ SRC ★ ★ ARB ★ ★ ★	IR3B ★ ★ ★ CNO Executive Steering Committee (CNO ESC) ★ ★ ★ Department of the Navy Program Strategy Board (DPSB) ★ ★ ★ ★	PEGS 04/05 POM Working Group (PWG) 05/06 Program Review Group (PRG) ★ ★ ★ CMC ★ ★ ★ ★ DPSB ★ ★ ★ ★	Panels 06 AFG 06 AFB ★ ★ AFC ★ ★ ★ ★
Initial Input	MACOM POM input, guided by Army Planning Guidance (APG)	(N81) IWAR Core Working Groups	DCS for Programs and Resources develops core funding level	MACOM POM inputs, guided by headquarters guidance and headquarters provided repriced baseline

Table 7.2. POM Process Comparison Table (Cont.)

	Army	Navy	Marine Corps	Air Force
MACOM Involvement	Submits MACOM POM input	Submits issue papers to raise programmatic problems and issues that need to be resolved in the Sponsor Program Proposals (SPPs)	MACOM provides above core program initiative	MACOM POM inputs represented by IPT's
Headquarters Action	MACO inputs broken into MDEPs and provided to PEGs	IWAR produces balanced program that meets TOA		MACOM inputs assigned to IPTs
Resource Team Action	PEGs review MDEPs. Determine what issues must be resolved	SPPs developed by Resource Sponsors	PEGs review and prioritize program initiatives not fiscally constrained	IPT reviews programs and provides proposals to panels
POM Briefs	PEGs forward unfunded and prioritized requirements to PPBC for review. PEGs compete for resources	Presentation to IR3B CNO approves T-POM Final decisions by the DPSB	PWG assesses and prioritizes PEGs recommendations. PWG resolves all non major issues and forwards a fiscally constrained Integrated Balanced Program	IPT presents proposals to panel Panel reviews, adjusts and makes recommendations to AFG
	PPBC prioritizes and forwards		CMC makes final decision on major issues	AFG develops Balanced Integrated AF Program. Forwards to AFB
	SRG reviews and makes recommendations			AFB reviews and briefs Balanced Integrated Program to AFC.
	ARB makes final decisions		DCS for Programs and Resources briefs final POM to DPSB	AFC is final review of program. Forwards recommendations to CSAF and SECDEF

D. BES FORMULATION

The BES takes the POM and prices it, using current economic considerations and factors. Any problem areas in the POM can be re-addressed in the BES formulation and review. Each BES from the different services is in the same appropriation format as outlined by OSD and presidential guidance. The TOA used to develop the POM is broken into appropriation categories for the BES. The services' BESs go through the same review process at the OSD and OMB level. However, the BES formulation process has differences among the services.

The Army's budget phase responsibilities shift to the Assistant Secretary of the Army for Financial Management and Comptroller (ASA(FM&C)). Since the MDEPs contain both programming and budgeting data, once the PDM is received the MACOMs can adjust their inputs to meet the PDM. The MACOM BES inputs are the basis for the Army's BES and the starting point for internal review.

The Navy's budgeting process is managed by the Fiscal Division (N82) with guidance for the BES coming from the Office of Budget (FMB). The Budget Submitting Offices (BSOs) provide the BES inputs and exhibits. The BSOs are the primary budget executors of the Navy. The BSOs are responsible for collecting the budget inputs from their subordinate activities and submitting a balanced executable BES that meets POM requirements and FMB guidance. The Navy's BES formulation process is very decentralized.

The Marine Corps DCS for Programs and Resources is responsible for the transition of the POM to a BES for the DoN. The BES is a collection of appropriations that the Office of the DCS for Programs and Resources solely formulates and submits. This is a very centralized process.

During the AF POM development and review the POM is priced using the budget database. The BES formulation starts with an Operational Budget Review (OBR) and an Investment Budget Review (IBR) conducted by SAF/FMB. These reviews determine expected obligation and execution rates based on previous performance. The IBR, OBR and PDM all are inputs to the repricing of the first two years of the POM. The repriced POM is used as the starting point of the internal BES review. This process is a SAF/FMB centralized process.

In summary, the Army and Navy use a decentralized input into the BES. The Army MACOMs submit budget data concurrently with program inputs to reduce redundancy. The AF prices the POM during POM development to reduce BES formulation time. The Marine Corps DCS for Programs and Resources formulates the BES. Table 7.3 summarizes the budget process comparison

E. INTERNAL BES REVIEW

After the BES has been formulated the issues on the margin must be addressed in an internal review process prior to final approval and submission to OSD/OMB. The internal review is another area of major difference among the services. During the BES review, methods used by the Army and AF are fundamentally different from those used by

the Navy and Marine Corps. However, all of the services use a centralized review approach to finalize the BES.

The Army uses its corporate structure to review the issues on the margin. To support this review, the chairman of the PPBC is changed to the Deputy Assistant Secretary of the Army for Budget (DAB). The review process is the same as previously discussed in this chapter for the Army, except the data are in terms of the budget vice the program. Final approval rests with the ARB.

The AF uses its AFCS to review the BES. The Deputy Assistant Secretary for Budget (SAF/FMB) becomes the chair of the AFB. The adjustments identified by the OBR and IBR processes are briefed to the AFB. Resolution of the adjustments are accomplished by using the PEMs, IPTs and Panels to find the required offsets. Upon completion of the AFB review, the AFB chair briefs the recommendations and remaining issues to the AFC. The AFC reviews and makes final decisions on all remaining issues and forwards to the CSAF and SECAF for final approval.

Since the Marine Corps is a BSO for the DoN, it participates in the Navy's internal BES review. FMB conducts the Navy's BES review. FMB analysts review the BSO submissions for adherence to the POM and budget guidance provided. If BSO justification does not support the BES, review sessions are conducted between FMB and the BSOs to obtain additional information. The review sessions make the BSOs aware of potential marks against their budget. Upon completion of the FMB, review marks are issued against the BSOs budgets. A mark is a recommended adjustment to a BSO budget with the justification. The BSOs can reclama or appeal the mark. If the issue cannot be

resolved at the FMB division level, a major issue meeting between the cognizant BSO and the DoN Budget Officer is conducted to resolve the issue. The DoN Budget Officer will consult with senior officials in the office of the CNO or CMC before making final decisions. The BES is submitted to OSD/OMB for further review.

Table 7.4 summarizes the findings for the entire PPBS processes compared in this chapter.

Table 7.3. Budget Comparison Table

	Army	Navy	Marine Corps	Air Force
Responsible Headquarters Organization	Assistant Secretary of the Army for Financial Management and Comptroller (ASA FM & C)	Fiscal Division N-82	DCS Programs and Resources	Deputy Assistant Secretary for the Budget (SAF/FMB)
Initial Input	MACOM provides BES	Budget Submitting Offices (BSO) provide initial budget estimates	Programs and Resources Division	Repriced POM
Major Command Involvement	MACOM provides initial input	BES inputs Opportunity to reclama any marks to budget made by FMB	Budget exhibits meeting budget call requirements	MACOM uses PEMs and IPT to address adjustments to budget
Internal BES Review	During POM development, the corporate structure reviews and adjusts the program budget estimate Unresolved issues are forwarded to the PPBC PPBC prioritizes and forwards any major issues to the SRG The SRG makes BES recommendations to the ARB for final decisions	BSO estimates are reviewed by FMB analysts Unresolved major issues are decided by the Director FMB after consultation with senior officials in the office of the CNO	Programs and Resources Division conducts review of POM using Appropriation TOA Unresolved issues are decided by the Director FMB after consultation with senior officials in the Office of the CMC	SAF/FMB conducts OBR and IBR to identify adjustments Panels and AFG support the process by aiding in finding offsets for their programs OBR and IBR brief adjustments to AFB AFB reviews and briefs the BES recommendation to AFC AFC is final decision on BES

Table 7.4. Overall Comparison Table

	Army	Navy	Marine Corps	Air Force
Planning Inputs	Decentralized	Centralized	Centralized	Centralized
Planning Review	Centralized Use SRG and ARB	Centralized Use IR3B and DPSB	Centralized	Centralized
Planning Output	Programming Guide	Programming Guide and an Integrated Balanced Program that meets TOA	Programming Guide	Programming Guide
POM Inputs	Decentralized Both program and budget data	Centralized	Centralized Not fiscally constrained	Decentralized
POM Review	Centralized Corporate structure starts at 06 level	Centralized Corporate structure starts at ☆ ☆ level	Centralized Corporate structure starts at 05/06 level	Centralized Corporate structure starts at 06 level
BES Inputs	Decentralized Starts with POM inputs	Decentralized	Centralized	Centralized
				Repriced POM
				Starts in POM Development Phase
Internal BES Review	Centralized Uses Corporate Structure	Centralized FMB reviews, issues marks	Centralized FMB reviews, issues marks	Centralized Uses Corporate Structure
		BSO reclama	Marine Corps reclama	

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VIII. CONCLUSIONS

The PPBS process is an immense and very complex, overlapping system used to allocate resources. It deals with large sums of resources used to provide for national security. The variables involved are constantly changing and, thus, create an environment that is unpredictable and results that may be unreliable. PPBS provides the justification and documentation for one of the largest congressional appropriations. Because the DoD appropriation is one of the largest, it is involved in a political environment. The PPBS process takes the intangible goal of national security and derives a very detailed accounting for the cost of this goal to meet the political objectives of the time. In order to meet the requirements levied upon DoD, the PPBS processes used by the services are always changing and ready to conform to new environments.

The PPBS process requires inputs from the services. These inputs outline the objectives, goals and resources required for achieving their part of national security. These inputs are the POM and BES. This thesis has attempted to analyze the processes used by each of the services by comparing the processes used to develop the POM and formulate the BES.

A. PLANNING

To bridge the broad strategic vision of each service into viable program guidance, there are two fundamentally different methods for planning inputs and planning review. The Army uses a decentralized process for acquiring inputs into the planning phase to support programming guidance, and the other services use a centralized approach. All of

the services use a centralized approach in the planning review process. However, the Army and Navy use their senior level boards for both planning review and programming review. The output of the planning phase is the guidance needed to develop a POM. The Navy's IWAR process provides an integrated balanced program that meets TOA. Hence, the Navy's planning phase ends and the programming phase begins in the IWAR process.

The Army's decentralized method for gathering planning inputs for force capabilities and manpower and equipment allows the MACOMs and PEOs to provide their objectives and requirements into the process. Their input allows for a more diversified development of the program guidance. However, their goals and objectives are subsets of the Total Army Program. Their inputs could differ greatly from the Army's vision and long range goals. The use of the senior level corporate structure in their planning review process would be an advantage. This would allow the same review and approval process for the POM guidance as the POM submission and would seem to be the optimal way to insure that the programming guidance is being achieved by the POM. The Navy's IWAR develops the guidance and a balanced program. This process would ensure that the program guidance is already incorporated in the initial POM inputs and the senior corporate groups have already approved the inputs.

B. PROGRAMMING

The POM submission to DoD for each of the services is completed by two different methods. The Army and the AF both use decentralized inputs and a centralized review and approval process. The Navy and Marine Corps use a centralized approach for

both POM inputs and POM review and approval. All of the services use a corporate structure of boards to complete the POM review and approval process. However, the Navy's corporate structure starts at the two star flag officer level, while the other services start at the O5/O6 level. The Marine Corps' lowest level corporate review board reviews, prioritizes and makes recommendations on a non-fiscally constrained basis. This input provides a recommendation for what the Marine Corps needs without the burden of fiscal constraints.

There are definitely advantages to a decentralized process for gathering inputs from MACOMs for the POM development. Using this process ensures that current requirements and objectives of the MACOMs are identified and included in the beginning stages of the POM development. Additionally, it puts the MACOMs in a proactive role, vice a reactive role, in the process. Again, the trade-off for using the decentralized method is the possibility of losing the long range goals and objectives of the planning phase to the short-term objectives and requirements of the MACOM. The centralized approach used by the Navy and Marine Corps ensures the long-range goals and planning guidance are being maintained and lessens the burden on the BSOs or major claimants until specific issues need to be addressed later in the review process. The IWAR process integrates the planning phase with the POM development phase. The integrated balanced program it provides enables the review process to start at a higher level than the other services. IWAR completes what the other services accomplish at the lower levels in the corporate structure with the benefit of being guided by the three and four star level. An interesting difference with the Marine Corps is that the PEGs prioritize and review the

POM initiatives without any fiscal constraints, even though fiscal constraints are available. This review is done to ensure that the objectives and goals that are best for the Marine Corps are provided without the reality of fiscal constraints. This process ensures that the POM will be developed initially in the best interest of the Marine Corps first and the interests of the fiscal environment second.

C. BUDGETING

The final input to DoD is the BES. Once again there are two methods that the services use to develop the BES. The Army and the Navy both use a decentralized BES input process, and a centralized review and approval process. The major differences between the Army and Navy are that the Army submits budget data at the same time it submits the program data. The Navy's FMB reviews and approves the BES, unlike the corporate structure used by the Army. The Marine Corps uses a centralized BES input process and the same centralized BES review and approval process as the Navy. The Air Force uses a centralized process for both the BES input and review and approval. The AF, like the Army, begins repricing the POM during the POM development phase and uses a corporate structure for BES review and approval.

The advantages to a decentralized BES input are that it allows the MACOMs or BSOs that actually execute the budget to give the estimates for the new budget and raise any additional issues that did not get addressed in the POM. However, the Army starts this process at the POM input point. The advantage to the Navy and Marine Corps not using the corporate structure during the BES review process is that the budget experts for

the DoN are reviewing and approving the budget, vice a corporate structure that does not have the experience or expertise. It seems that at the BES review and submission point in the process that the responsible budget executors and the commands justifying the budget should be orchestrating the process.

As alluded to in the first paragraph of this chapter, the magnitude and always changing variables of the PPBS process makes it virtually impossible to ascertain if one service's processes are more efficient or produce a better budget than another. The facts that some appropriations are for two years and some are for five years and that reprogramming money is authorized makes it even more difficult. To make recommendations on improving any process for the different services would purely be speculation due to the magnitude of the entire system.

D. RECOMMENDATIONS FOR FURTHER STUDY

The Navy's IWAR process is in the beginning stages of development. What impact it will have on the entire process should be addressed, as well as establishing its starting structure, goals and objectives. Additionally, it is structured very closely to the AF Panels used in their corporate structure. It might be advantageous to compare both these processes to ascertain benefits both provide to the PPBS process.

Another area that would have been helpful for this thesis is a study of the changes throughout the PPBS history for the services and why these changes occurred.

Finally, a study of the operating practices of the different appropriations, which should include the reprogramming and management practices, would be beneficial.

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